



NEWS RELEASE

SENATOR

RODERICK D. WRIGHT

California Senate District 25



State Capitol Office: Room 5064, Sacramento, CA 95814 • tel: (916) 651-4025 • fax: (916) 445-3712

Inglewood Office: One Manchester Boulevard, Suite 600, Inglewood, CA 90301 • tel: (310) 412-0393 • fax: (310) 412-0996

Long Beach Office: 4647 Long Beach Boulevard, Suite A2, Long Beach, CA 90805 • tel: (562) 427-1028 • fax: (562) 427-1679

website: dist25.casen.govoffice.com

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Contact: Jennifer Hanson
(916) 651-1946

Sen. Wright Introduces Comprehensive Redevelopment Reform

SB 286, Supported by CA Redevelopment Association and League of California Cities, Institutes Tough New Redevelopment Reforms to Increase Accountability and Limit the Size and Scope of Redevelopment in CA

SACRAMENTO -- Senate Bill 286 by State Senator Roderick D. Wright (D-Inglewood) has been amended to include a comprehensive package of redevelopment reforms supported by the California Redevelopment Association, the League of California Cities, and other members of the Protect Local Jobs and the Economy coalition. SB 286 is an alternative to the Governor's proposal to eliminate redevelopment.

"SB 286 represents the most significant redevelopment reform in the last 15 years," said Sen. Wright. "The reforms will improve the operations, transparency and accountability of redevelopment agencies statewide as well as provide more funding to schools in our state. This bill is substantial reform."

Already, Senator Michael J. Rubio (D-Bakersfield) and Assembly Member Luis Alejo (D-Salinas) are co-authors. More co-authors are expected to be added in the coming weeks.

SB 286 would impose tough new reforms to increase accountability and limit the size and scope of redevelopment in California. See more details below. Specifically, SB 286 would:

- tighten the definition of blight;
- prohibit agencies from collecting the school share of local property tax or tax increment in new project areas starting in 2012;
- limit the percentage of total land area of a jurisdiction which may be included in redevelopment project areas;
- prohibit use of tax increment for specific purposes such as golf courses and race tracks;
- strengthen agency reporting and accountability requirements; and
- focus redevelopment activities on priorities such as job creation, cleaning up contaminated property, basic infrastructure needs, and affordable housing.

"SB 286 would impose tough new restrictions that will limit the size and scope of redevelopment going forward in California, while enhancing accountability and sharpening the focus of this critical job-creating tool," said John Shirey, executive director, California Redevelopment Association. "We'd like to thank Senator Wright for his leadership in introducing this reform."

"California's cities recognize how vital redevelopment is to grow our local economies and improve the quality of life for residents in rundown neighborhoods in need," said Chis McKenzie, executive director, League of California Cities. "This package of reforms will narrow the scope of redevelopment, increase accountability, and maintain this local tool for cities and local governments well into the future."

Representing the communities of: Alondra Park, Athens, Compton, Gardena, Florence-Graham, Hawthorne, Inglewood, Ladera Heights, Lawndale, Long Beach, Los Angeles, Palos Verdes Peninsula, San Pedro, Watts, Westchester, Westmont and Willowbrook

Redevelopment supports 300,000 new jobs a year, \$40 billion in statewide economic activity, and \$2 billion in state and local tax revenue. This activity is vitally important at both the state and local level, especially since California's economy is still recovering. State and local leaders, along with community groups, business groups, affordable housing advocates and others, recognize the benefits redevelopment brings to the state and have opposed the Governor's proposal to eliminate redevelopment altogether.

CRA is also working with State Senator Alan Lowenthal (D-Long Beach) on SB 450, a separate bill addressing redevelopment housing set-aside funds. SB 450 includes reforms in addition to the reforms in SB 286.

SB 286 is scheduled to be heard in the Senate Governance and Finance Committee on Wednesday, May 4 at 9:30 a.m. SB 450 is set to be heard May 2 in the Senate Appropriations Committee. Below is a backgrounder with more specifics on the provisions included in SB 286.

SB 286 (Wright) - Redevelopment

Strong Reform Package Will Increase Accountability and Effectiveness of Redevelopment in California

Senator Wright authoring Senate Bill 286, a bill that would impose tough new reforms to increase accountability and limit the size and scope of redevelopment in California. SB 286 would ensure redevelopment is being used responsibly to maximize job-creation, revitalize rundown communities, clean up contaminated properties, finance infrastructure improvements, and build affordable housing. It would also institute tough new reporting and accountability standards. Below is an outline of SB 286 reforms:

Tighten Definition of Blight to Stop Inappropriate Uses of Redevelopment and Ensure It Focuses on Areas Most in Need

- SB 286 amends the Health & Safety Code to require redevelopment agencies to document specific, fact-based, and quantifiable evidence of blight findings, based on evidentiary standards specified by the courts.
- Evidence must be based on empirical and quantifiable evidence demonstrating the prevalence of specific conditions of blight that are so substantial they prevent the proper utilization of the entire project area.
- Redevelopment agencies will be prohibited from using redevelopment funds for golf courses and/or race tracks.
- Redevelopment will be prohibited on vacant (never developed) tracts of land of 20 acres or more, with an exception for military base conversions. This would reduce redevelopment's size and focus redevelopment on existing developed areas.

Limit Redevelopment Size

Cities in which 25% or more of the land area is in redevelopment project areas and counties in which 10% or more of unincorporated land is in project areas cannot add any additional land area to redevelopment.

School Districts Retain all Property Taxes and Tax Increment in New Redevelopment Project Areas, Increasing School Funding and/or Providing State General Fund Relief

Beginning January 2012, any new redevelopment plan or project area would be prohibited from collecting the school share of local property tax or tax increment. Schools would retain their share of existing property taxes and any tax increment, thereby increasing local school funding and providing State General Fund relief as the State will no longer need to provide a backfill to school districts in new redevelopment project areas.

Implement Strict, Performance-Based Standards Focused on State Priorities and Increase Oversight by Local Citizens Committees

- Redevelopment agencies would be required to adopt specific, performance-based goals to ensure at least 50% of their non-housing set-aside expenditures address the following State priorities:
 - job creation
 - transit-oriented development
 - remediating contaminated property
 - military base conversion
 - basic infrastructure needs, or
 - affordable housing
- SB 286 would require agencies to establish a local Project Area Committee (PAC) or equivalent community advisory board comprised of local property owners, businesses, renters, home owners and community groups.
- The local PAC or equivalent community advisory board shall review the agency's 5-year implementation plan and make a recommendation to the agency. Every 10 years, the implementation plan must receive the approval of the PAC or equivalent community advisory board or it has to be approved by a 2/3 vote of the agency board.

Increase Accountability with Stringent Reporting and Performance Standards

- SB 286 would appoint one State agency to develop a set of consistent performance standards that all agencies will use beginning in FY 2013, including:
 - A uniform method of calculating and reporting job creation and retention.
 - Standards for measuring and reducing poverty levels in project areas.
 - Standards for measuring and reducing crime in project areas.
 - Methods for measuring reductions in vehicle miles traveled through such projects as infill development and transient-oriented development.
 - Standards for reporting on brownfield clean-up and hazardous waste mitigation.
 - Standards for measuring the efficiency and effectiveness of expenditures for affordable housing.
- Beginning in 2013, each agency's annual report must describe the agency's performance against the above metrics.
- The development of one standardized report will lead to consistent reporting and more effective oversight of redevelopment agency activities.

Annual Performance Audits by State Auditor

- SB 286 would require the State Auditor to conduct annual performance audits of a select number of redevelopment agencies each year. These annual audits would be in addition to the separately required, independent audits agencies already must do each year. Agencies would be required to deposit 0.025% of non-housing tax increment to a statewide Redevelopment Agency Accountability Fund to pay for the State audits.
- The State Auditor shall require that each agency take action to correct any violations found through the performance audit. If the State Auditor determines that an agency has not corrected the violations within 180 days of a final audit report, it shall forward to the Attorney General for action.

Prohibit the Use of Funds for Non-Redevelopment Expenses

- Tax increment revenues cannot be used for non-redevelopment operating expenses and non-redevelopment related costs, such as staff or elected official salaries and other (overhead) costs not directly attributed to redevelopment.

Reduce Redevelopment Footprint in California

- By limiting the percent of a city/county land area that can be placed in redevelopment project areas, focusing redevelopment on already-developed areas, tightening the findings of blight, limiting the permitted uses of redevelopment, and significantly reducing the amount of tax increment in new project areas, SB 286 would ultimately reduce the size of redevelopment project areas and tax increment going to redevelopment in California and free up more money for schools and other local entities.

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